



ELBERT COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2004



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**Board of County Commissioners
Elbert County, Colorado**

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County, Colorado's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the Emergency Telephone Service Authority (Authority) as of and for the year ended December 31, 2004. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to amounts included for the Authority, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert County, Colorado, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Affiliate Offices Worldwide

**Board of County Commissioners
Elbert County, Colorado**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2005 on our consideration of Elbert County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages i through vii and 32 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Elbert County, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, the Local Highway Finance Report, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the Local Highway Finance Report, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

July 1, 2005


BONDI & Co. LLC

ELBERT COUNTY, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Elbert County (the County), the Board of County Commissioners offers readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2004.

Financial Highlights

- Assets exceeded liabilities by \$11,002,816 (net assets) at the close of the fiscal year. Of this amount, \$2,526,612 in unrestricted net assets is available to meet ongoing and future obligations of the County.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$4,103,338.
- Total net assets increased by \$4,227,937.
- Total cash and investments increased by \$211,970 as compared to the prior year.
- Property tax revenue increased by \$410,489 as compared to the prior year.
- General fund expenditures decreased by \$52,799 as compared to the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$58,122.
- Total debt decreased by \$116,977, or 4% during the current fiscal year. The key factor for this decrease was the repayment of claims to the Highway Users Trust Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information and schedules in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the County that are principally to be supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the County include general government, public safety, public works, public health and welfare, culture and recreation, auxiliary services, and debt service.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County include both governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, the Road and Bridge special revenue fund and the Social Services special revenue fund, each of which are considered to be major funds. Data for the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge special revenue fund and Social Services special revenue fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for assets held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents in the form of required supplementary information, budgetary comparison statements for the major governmental funds.

The combining statements referred to earlier in connection with nonmajor governmental funds and certain Social Services special revenue fund schedules are presented immediately following the required supplementary information.

This report also contains reports required by the Single Audit Act Amendments of 1996 as well as schedules of debt service requirements to maturity and a local highway finance report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$11,002,816 at the close of the most recent fiscal year.

Net Assets

	<u>2004</u>	<u>2003</u> (Restated)
Current assets	\$ 10,919,380	\$ 10,719,524
Other assets	85,424	39,453
Capital assets	<u>9,528,236</u>	<u>6,541,255</u>
Total assets	<u>20,533,040</u>	<u>17,300,232</u>
Current liabilities	7,591,827	8,684,849
Long-term liabilities	<u>1,938,397</u>	<u>1,840,504</u>
Total liabilities	<u>9,530,224</u>	<u>10,525,353</u>
Net assets invested in capital assets, net of debt	6,913,794	5,334,757
Restricted net assets	1,562,410	1,164,285
Unrestricted net assets	<u>2,526,612</u>	<u>275,837</u>
Total net assets	<u>\$ 11,002,816</u>	<u>\$ 6,774,879</u>

The largest portion of the County's net assets (63%) reflects its investment in capital assets. The County uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending.

An additional portion of the County's net assets (14%) represents resources that are subject to restrictions on how they can be used and/or are not currently available for the County's ongoing obligations. The remaining balance of unrestricted net assets \$2,526,612 may be used to meet the government's future expenditures.

At the end of the current fiscal year, the County was able to report positive balances in all three categories of net assets.

Change in Net Assets

	<u>2004</u>	<u>2003</u>
Revenue		
Program revenue		
Charges for services	\$ 2,001,107	\$ 2,207,725
Operating grants and contributions	536,057	-
Capital grants and contributions	3,784,243	1,324,400
General revenue		
Taxes	7,233,022	6,822,533
Intergovernmental	2,112,438	2,362,166
Investment and interest income	104,024	75,540
Transfer of capital assets	-	64,989
Other	1,090,741	1,491,711
Total revenue	<u>16,861,632</u>	<u>14,349,064</u>
Expenses		
General government	3,892,053	4,003,756
Public safety	1,989,365	2,150,961
Public works	5,385,267	5,986,275
Public health and welfare	1,098,138	1,118,746
Culture and recreation	173,312	308,224
Auxiliary services	95,560	97,245
Total expenses	<u>12,633,695</u>	<u>13,665,207</u>
Change in net assets	4,227,937	683,857
Net assets - Beginning (restated)	6,774,879	6,091,022
Net assets - Ending	<u>\$ 11,002,816</u>	<u>\$ 6,774,879</u>

The County's net assets increased by \$4,227,937 during the current fiscal year. Although the County's governmental activities exceeded program revenues by \$6,312,288, the major source of the County's revenue, general revenue, was able to more than offset this deficit.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$4,103,338. \$1,905,619 constitutes unreserved fund balance, which is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General Fund had an unreserved fund balance of \$58,122.

The Road and Bridge special revenue fund had a total fund balance of \$486,853 as of December 31, 2004, of which \$277,742 is restricted for inventory. The Road and Bridge special revenue fund decreased by \$200,950, from the previous year.

The Social Services special revenue fund's fund balance was \$583,068 at the end of the current fiscal year, of which \$265,631 is reserved. The Social Services special revenue fund increased \$76,786, from the previous year.

General Fund Budgetary Highlights

The County's total expenditures for 2004 exceeded the original budgeted appropriations in the General Fund by approximately \$65,311. The increase in expenditures was offset by actual revenue, which exceeded budgeted revenue by \$324,231. The budget was amended to increase total appropriations from \$6,195,871 to \$6,382,688.

Capital Assets

The County invested \$328,820 in capital assets for its governmental-type activities for the year ended December 31, 2004. This investment in capital assets consists primarily of equipment and vehicles. Additionally, road improvements valued at \$3,702,083 were contributed to the County during 2004.

Next Year's Budgets

The County has appropriated \$18,097,855 for spending in the 2005 fiscal year budget. Budgeted 2005 revenue of \$15,609,595 and the use of accumulated fund balances will be sufficient to cover the appropriated expenditures in 2005.

Requests for Information

This financial report is designed to provide a general overview of Elbert County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Elbert County, 221 Comanche Street, P.O. Box 597, Kiowa, Colorado 80117.

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BASIC FINANCIAL STATEMENTS

ELBERT COUNTY, COLORADO
STATEMENT OF NET ASSETS
December 31, 2004

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Emergency Telephone Service Authority</u>
ASSETS		
Cash and investments	\$ 4,009,316	\$ 401,481
Receivables	86,257	30,307
Property taxes receivable	6,544,225	-
Inventory of supplies	279,582	-
Other assets, net	85,424	-
Capital assets, net		
Land, buildings, equipment and infrastructure	9,194,498	-
Construction in progress	333,738	148,174
Total assets	<u>20,533,040</u>	<u>579,962</u>
LIABILITIES		
Warrants payable	196,918	-
Accounts payable	59,951	34,936
Accrued interest payable	22,667	-
Deferred property taxes receivable	6,544,225	-
Other deferred revenue	6,597	-
Noncurrent liabilities		
Due within one year	761,469	-
Due in more than one year	1,938,397	-
Total liabilities	<u>9,530,224</u>	<u>34,936</u>
NET ASSETS		
Invested in capital assets, net of related debt	6,913,794	-
Restricted	1,562,410	-
Unrestricted	2,526,612	545,026
Total net assets	<u>\$ 11,002,816</u>	<u>\$ 545,026</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF ACTIVITIES
December 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary government:						
Governmental activities:						
General government	\$ 3,892,053	\$ 2,001,107	\$ -	\$ -	\$ (1,890,946)	
Public safety	1,989,365	-	-	-	(1,989,365)	
Public works	5,385,267	-	-	3,784,243	(1,601,024)	
Public health and welfare	1,098,138	-	536,057	-	(562,081)	
Culture and recreation	173,312	-	-	-	(173,312)	
Auxiliary services	95,560	-	-	-	(95,560)	
Total primary government	<u>\$ 12,633,695</u>	<u>\$ 2,001,107</u>	<u>\$ 536,057</u>	<u>\$ 3,784,243</u>	<u>(6,312,288)</u>	
Component unit:						
Emergency telephone service authority						\$ 140,004
General revenues:						
Taxes					7,233,022	-
Intergovernmental					2,112,438	-
Investment and interest income					104,024	4,555
Transfer of capital assets from Component Unit to Primary Government						
Other					1,090,741	-
Total general revenues					<u>10,540,225</u>	<u>4,555</u>
Change in net assets					<u>4,227,937</u>	<u>144,559</u>
Net assets - Beginning (restated)					<u>6,774,879</u>	<u>400,467</u>
Net assets - Ending					<u>\$ 11,002,816</u>	<u>\$ 545,026</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

		Special Revenue Funds	
	General	Road and Bridge	Social Services
ASSETS			
Cash and investments with Treasurer	\$ (114,932)	\$ 509,278	\$ 579,373
Accounts receivable	404,402	3,627	41,847
Property taxes receivable	3,866,117	2,105,487	110,815
Inventory of supplies	1,840	277,742	-
Total assets	<u>\$ 4,157,427</u>	<u>\$ 2,896,134</u>	<u>\$ 732,035</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Warrants payable	\$ 76,809	\$ 87,725	\$ 17,738
Accounts payable	156,379	216,069	13,817
Accrued interest payable	-	-	-
Deferred property tax revenue	3,866,117	2,105,487	110,815
Other deferred revenue	-	-	6,597
Total liabilities	<u>4,099,305</u>	<u>2,409,281</u>	<u>148,967</u>
FUND BALANCES			
Reserved	-	277,742	265,631
Unreserved			
Unreserved, undesignated, reported in:			
General fund	58,122	-	-
Special revenue funds	-	209,111	317,437
Total fund balances	<u>58,122</u>	<u>486,853</u>	<u>583,068</u>
TOTAL LIABILITIES FUND BALANCES	<u>\$ 4,157,427</u>	<u>\$ 2,896,134</u>	<u>\$ 732,035</u>

Other Governmental Funds	Total Governmental Funds
\$ 3,035,597	\$ 4,009,316
-	449,876
461,806	6,544,225
-	279,582
<u>\$ 3,497,403</u>	<u>\$ 11,282,999</u>

\$ 14,646	\$ 196,918
43,902	430,167
1,754	1,754
461,806	6,544,225
-	6,597
<u>522,108</u>	<u>7,179,661</u>

1,654,346	2,197,719
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-	58,122
1,320,949	1,847,497
<u>2,975,295</u>	<u>4,103,338</u>
<u>\$ 3,497,403</u>	<u>\$ 11,282,999</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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ELBERT COUNTY, COLORADO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance - Total governmental funds	\$ 4,103,338
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,528,236
Other assets, net of accumulated amortization are not financial resources and, therefore, are not reported in the funds.	85,424
Change in accrued interest payable is not included in the funds.	(20,913)
Deferred revenue is not included in the funds.	6,597
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,699,866)</u>
Net assets of governmental activities	<u><u>\$ 11,002,816</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

		Special Revenue Funds	
	General	Road and Bridge	Social Services
REVENUE			
Taxes	\$ 3,933,038	\$ 2,851,376	\$ 262,643
Licenses and permits	794,797	-	-
Intergovernmental	266,012	1,648,962	505,970
Charges for services	1,110,131	-	-
Net investment income	98,995	-	-
Miscellaneous	107,810	503,635	36,685
Total revenue	<u>6,310,783</u>	<u>5,003,973</u>	<u>805,298</u>
EXPENDITURES			
Current			
General government	3,661,974	75,455	-
Public safety	1,989,365	-	-
Public works	-	4,029,297	-
Public health and welfare	368,776	-	728,512
Culture and recreation	145,507	-	-
Auxiliary services	95,560	-	-
Debt service	-	654,079	-
Capital outlay	-	96,092	-
Total expenditures	<u>6,261,182</u>	<u>4,854,923</u>	<u>728,512</u>
EXCESS OF REVENUE			
OVER EXPENDITURES	<u>49,601</u>	<u>149,050</u>	<u>76,786</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond issuance costs	-	-	-
Transfers in	350,000	-	-
Transfers (out)	-	(350,000)	-
Total other financing sources (uses)	<u>350,000</u>	<u>(350,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER			
(UNDER) EXPENDITURES AND OTHER			
FINANCING SOURCES (USES)	<u>399,601</u>	<u>(200,950)</u>	<u>76,786</u>
FUND BALANCE - BEGINNING OF YEAR	<u>(341,479)</u>	<u>687,803</u>	<u>506,282</u>
FUND BALANCE - END OF YEAR	<u>\$ 58,122</u>	<u>\$ 486,853</u>	<u>\$ 583,068</u>

Other Governmental Funds	Total Governmental Funds
\$ 268,336	\$ 7,315,393
-	794,797
116,439	2,537,383
312,262	1,422,393
-	98,995
19,013	667,143
<u>716,050</u>	<u>12,836,104</u>
204,937	3,942,366
-	1,989,365
214,628	4,243,925
-	1,097,288
36,238	181,745
-	95,560
39,513	693,592
-	96,092
<u>495,316</u>	<u>12,339,933</u>
220,734	496,171
625,000	625,000
(48,047)	(48,047)
-	350,000
-	(350,000)
<u>576,953</u>	<u>576,953</u>
797,687	1,073,124
2,177,608	3,030,214
<u>\$ 2,975,295</u>	<u>\$ 4,103,338</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2004

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - Total governmental funds	\$ 1,073,124
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(715,102)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund, such as contributed infrastructure.	4,032,410
The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(247,411)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>84,916</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 4,227,937</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

	<u>Agency Funds</u>	
	<u>Treasurer's</u>	<u>Public Trustee</u>
ASSETS		
Cash and investments with Treasurer	\$ 1,288,751	\$ 55,635
Total assets	<u>1,288,751</u>	<u>55,635</u>
LIABILITIES		
Due to other governments	1,278,251	-
Other liabilities	10,500	-
Escrow deposits held by public trustee	-	55,635
Total liabilities	<u>1,288,751</u>	<u>55,635</u>
NET ASSETS		
Held in trust	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elbert County, Colorado (County) is governed by a Board of County Commissioners. The Board consists of three elected members. The County provides the following services: public safety (including the activity of the Sheriff's Contraband account), health and welfare, construction and maintenance of roads and bridges and general administrative services.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government) and its component units. One component unit, the Elbert County Emergency Telephone Service Authority (Authority), is discretely reported in a separate column to emphasize that it is legally separate from the County. The discretely presented component unit has a December 31 year end.

The Authority was established April 27, 1989 and reconstituted April 14, 1992 by an Intergovernmental Agreement between the County of Elbert; Towns of Simla, Kiowa, Elbert and Elizabeth; Kiowa, Elbert, Elizabeth, Tri-County, Rattlesnake, Deer Trail and Calhan Fire Protection Districts. The Authority was established pursuant to State Statute Article 11 of Title 29. The purpose of the Authority is to provide central emergency telephone services to residents within the service area in Elbert County. The Authority is included in the County's financial statements because the Elbert County Board of Commissioners appoints all of the board members. Complete financial statements for the Authority may be obtained from the Authority's office at P.O. Box 992, Elizabeth, Colorado 80107.

The County is financially accountable for the Elbert County Building Authority. The Elbert County Building Authority had no activity during 2004.

The operations of the 18th Judicial District (including Crime Victim Compensation Boards) is not a part of the financial statements of the County as the County is not financially accountable for the operations of the 18th Judicial District.

Proceeds from the seizure of contraband were \$-0- for the year ended December 31, 2004.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the County are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These financial statements include all of the activities of the primary government and its component unit except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of net assets reports all financial and capital resources of the primary government and its component unit. The difference between the assets and liabilities of the County is reported as net assets.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County has elected to follow Governmental Accounting Standards Board pronouncements in the government-wide financial statements. Therefore, statements issued by the Financial Accounting Standards Board after November 30, 1989 are not applied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Bridge special revenue fund is used to account for the proceeds of restricted revenue to be used for maintaining road and bridge operations.

The Social Services special revenue fund is used to account for the proceeds of restricted revenue to be used for public health and welfare programs.

Additionally, the County reports Agency Funds, which are used to account for assets held by the County as an agent for other governmental units and individuals. The agency funds are custodial in nature and do not present results of operations or have a measurement focus.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For budgetary purposes, the County did not budget or appropriate for entering into capital lease transactions, as entering into a capital lease transaction does not provide for or use financial resources. The payments required under the capital lease agreements are included in the appropriations resolution.

In the County's Capital Improvement Fund during 2004, a budget was not adopted for the year, subsequently, a statement of revenue, expenditures and changes in fund balance is not presented in the supplemental information.

During the year ended December 31, 2004, supplementary appropriations approved by the County modified the appropriation from \$6,195,871 to \$6,382,688 in the General Fund, from \$140,000 to \$185,000 in the Retirement Fund and from \$-0- to \$50,000 in the Meadows Station Capital Projects Fund.

For financial statement presentation purposes, certain expenditures have been netted against revenue. The amended appropriation reported above has also been reduced by expenditures netted against revenue.

Cash and Net Investment Income

Except for cash held by third parties (cash and investments with trustee), all cash is deposited with the County Treasurer. When funds are received, the accounts of the fund receiving the money are credited. When expenditures are made, the cash with Treasurer is reduced and the expenditures recorded. The Treasurer invests the funds to achieve the best possible return on the investment. All funds record cash and investments as cash with County Treasurer. Net investment income is allocated to the General Fund, Conservation Trust Fund and Impact Assistance Fund, in accordance with statutory requirements.

Inventories

Inventories of supplies held for consumption by the Road and Bridge Fund are valued at average cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of assets.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	39 years
Equipment	3 - 7 years
Infrastructure - Constructed and acquired since January 1, 2003	30 years

Property Taxes

Property taxes are levied by the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Amortization of Bond Issue Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The County has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County's General Fund is used to liquidate compensated absences of the governmental activities.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally segregated or are not subject to future appropriation. Designations of unreserved fund balances indicate the Commissioners' intention for future utilization of such funds and are subject to change by the Commissioners.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserved Fund Balance

Individual reserves by fund at December 31, 2004 are as follows:

Primary government:

Debt Service Funds

Reserved for payment of bond principal and interest	\$ 248,700
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Special Revenue Funds

Road and Bridge Fund

Reserved for inventory	277,742
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Social services	265,631
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Contingency Fund

Reserved for emergencies under TABOR	323,880
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Conservation Trust Fund

Reserved for future projects	412,877
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Total Special Revenue Funds	<u>1,280,130</u>
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Capital Projects Fund

Reserved for capital expenditures	668,889
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Total reservations of fund balances	<u><u>\$ 2,197,719</u></u>
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The fund balances in the Debt Service Funds are to be used for the payment of special assessment bond principal and interest.

An amount of the fund balance equal to the reported inventory in the Road and Bridge Fund, is reserved to indicate that the inventory does not constitute spendable resources even though the inventory is a component of net assets.

Article X, Section 20 of the Constitution of the State of Colorado requires the County to establish Emergency Reserves. The Contingency Fund balance has been reserved in compliance with this requirement.

The reserved balance for the Conservation Trust Fund is for the net unspent proceeds received from the State Lottery under the State's Conservation Trust Fund regulations.

The fund balance reserved for capital expenditures represents reserves for future capital expenditures.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2004, the County's cash deposits had bank balances and carrying balances as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Cash on hand	\$ 43,727	\$ -
Insured deposits	200,000	200,000
Deposits collateralized in single institution pools	1,671,889	1,347,402
	<u>\$ 1,915,616</u>	<u>\$ 1,547,402</u>

At December 31, 2004, the Authority's bank and carrying balance of \$59,044 was entirely insured.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

The County's investments are categorized below to give an indication of the level of credit risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

<u>Categorized</u>	<u>Fair Value</u>
Category 1	
U.S. Treasuries - Managed funds	\$ 1,747,876
Total categorized	<u>1,747,876</u>
<u>Not subject to categorization</u>	
Local government investment pools	1,620,949
Money market funds	<u>69,261</u>
Total not subject to categorization	<u>1,690,210</u>
Total investments	<u><u>\$ 3,438,086</u></u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2004, the County had invested \$1,620,949 in the Colorado Local Government Liquid Asset Trust (PRIME) (the Trust) and \$-0- in the Government Asset Pool (GAP). The Trust and GAP are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust and GAP. The Trust and GAP operate similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. The Trust portfolios and GAP may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. Government Agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. Government Agencies. GAP may also invest in Government Agency securities and repurchase agreements collateralized by U.S. Government Agency securities. A designated custodial bank serves as custodian for the Trust's and GAP's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's and GAP's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust and GAP.

As of December 31, 2004, the County had invested \$69,261 in the Active Assets Money Trust and \$648,993 in Government Securities managed by Morgan Stanley Dean Witter, and \$569,881 in the First American Government Obligations Fund and the First American Prime Obligations Fund and \$529,002, in Fixed Income Funds managed by Piper Jaffray. The managed funds invest primarily in securities that are issued or guaranteed as to payment of principal and interest by the U.S. government, its agencies or instrumentalities and repurchase agreements collateralized by such securities.

The Authority had \$342,437 invested in COLOTRUST PLUS+ as of December 31, 2004.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 549,313	\$ 12,000	\$ -	\$ 561,313
Construction in progress	119,110	214,628	-	333,738
Total capital assets, not being depreciated	<u>668,423</u>	<u>226,628</u>	<u>-</u>	<u>895,051</u>
Capital assets, being depreciated:				
Buildings	4,923,614	-	-	4,923,614
Equipment	5,861,011	102,192	-	5,963,203
Infrastructure	1,324,400	3,702,083	-	5,026,483
Total capital assets, being depreciated	<u>12,109,025</u>	<u>3,804,275</u>	<u>-</u>	<u>15,913,300</u>
Less accumulated depreciation for:				
Buildings	(2,343,665)	(102,296)	-	(2,445,961)
Equipment	(3,870,454)	(830,542)	-	(4,700,996)
Infrastructure	(22,074)	(111,084)	-	(133,158)
Total accumulated depreciation	<u>(6,236,193)</u>	<u>(1,043,922)</u>	<u>-</u>	<u>(7,280,115)</u>
Total capital assets, being depreciated, net	<u>5,872,832</u>	<u>2,760,353</u>	<u>-</u>	<u>8,633,185</u>
Capital assets, net	<u><u>\$6,541,255</u></u>	<u><u>\$2,986,981</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,528,236</u></u>
 <u>Component Unit</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Emergency Telephone Service Authority	<u><u>\$ -</u></u>	<u><u>\$ 148,174</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 148,174</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 217,511
Public works	810,652
Public health and welfare	850
Culture and recreation	14,909
Total depreciation expense	<u><u>\$ 1,043,922</u></u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the County's long-term obligations for the year ended December 31, 2004:

	<u>Balance at December 31, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2004</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease obligations	\$ 594,951	\$ -	\$ 381,378	\$ 213,573	\$ 159,324
Special assessment debt	651,000	625,000	-	1,276,000	44,053
Claim of overpayments from Highway Users Trust Fund	1,299,661	-	323,730	975,931	323,730
Compensated absences	271,231	-	36,869	234,362	234,362
	<u>\$ 2,816,843</u>	<u>\$ 625,000</u>	<u>\$ 741,977</u>	<u>\$ 2,699,866</u>	<u>\$ 761,469</u>

The detail of the County's long-term obligations is as follows:

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain road and bridge equipment as described below. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases at December 31, 2004 are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 1,732,918
Less accumulated depreciation	(1,347,153)
Total	<u>\$ 385,765</u>

On February 15, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%. The lease was paid in full during 2004.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On April 10, 2000, the County entered into a capital lease obligation to purchase a front-end loader. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$14,136.62, with interest of 5.25%.

On May 10, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%.

On September 10, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for three consecutive one-year periods with quarterly principal and interest payments of \$11,441.40, with interest of 5.75%. The lease was paid in full during 2004.

On September 20, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for three consecutive one-year periods with quarterly principal and interest payments of \$13,003.61, with interest of 5.75%. The lease was paid in full during 2004.

On November 28, 2000, the County entered into a capital lease obligation to purchase a dump truck. The lease is on a quarterly basis, renewable for four consecutive one-year periods with quarterly principal and interest payments of \$6,167.03, with interest of 5.30%.

On April 5, 2002, the County entered into a capital lease obligation to purchase a pneumatic tire compactor. This lease is payable annually, renewable for two consecutive one-year periods with annual principal and interest payments of \$16,790.30, with interest of 4.00%.

On August 22, 2003, the County entered into a capital lease obligation to purchase a grader. The lease is on a quarterly basis, renewable for two consecutive one-year periods with quarterly principal and interest payments of \$18,300.36, with interest of 2.40%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2004, were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2005	\$ 164,008
2006	54,901
Total minimum lease payments	218,909
Less amount representing interest	(5,336)
Present value of minimum lease payments	<u>\$ 213,573</u>

Special Assessment Bonds

The following Special Assessment Bonds are to be serviced by special assessments levied against real property in the County, which is specifically benefited by the improvements.

The Amanda Pines Estates Local Improvement District Special Assessment Bonds, dated July 19, 2001, were issued in the principal amount of \$215,000. Principal and interest, computed at 5.75% per annum, is payable annually on July 1, and maturing July 1, 2011, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2002, and each July 1, thereafter. The principal amount outstanding at December 31, 2004 was \$126,000.

The Rolling Hills Acres Local Improvement District Special Assessment Bonds, dated April 24, 2002 were issued in the principal amount of \$175,000. Principal and interest, computed at 6.125% per annum, is payable annually on July 1, and maturing July 1, 2012, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2004 was \$175,000.

The Chaparral Valley 2 Local Improvement District Special Assessment Bonds, dated January 10, 2003 were issued in the principal amount of \$350,000. Principal and interest, computed at 6.00% per annum, is payable annually on July 1, and maturing July 1, 2022, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2004 was \$350,000.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

The Meadows Station Subdivision Public Improvement District Special Assessment Bonds, dated December 23, 2004 were issued in the principal amount of \$625,000. Principal and interest, computed at a variable rate of 3.15% - 5.25% per annum, is payable semi-annually on June 1 and December 1, and maturing December 1, 2024, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on December 1, 2006, and each December 1 thereafter. The principal amount outstanding at December 31, 2004 was \$625,000.

Annual debt service requirements to maturity for Special Assessment Bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 44,053	\$ 67,664	\$ 111,717
2006	66,680	65,036	131,716
2007	74,465	61,622	136,087
2008	77,415	57,859	135,274
2009	80,541	53,882	134,423
2010-2014	337,115	206,265	543,380
2015-2019	289,326	130,582	419,908
2020-2024	306,405	46,109	352,514
	<u>\$1,276,000</u>	<u>\$ 689,019</u>	<u>\$1,965,019</u>

Claim of Overpayments from Highway Users Trust Fund

The Colorado State Treasurer's Office (State Treasurer) has made two separate and distinct overpayments of Highway Users Trust Fund distributions to the County.

Claim of Overpayment #1

The State Treasurer erroneously distributed \$971,190 of Highway Users Trust Fund (HUTF) money to the County during 2002 and 2003. The overpayment was a result of the State Treasurer transposing County and rural vehicle registration information. The County expended these monies in the ordinary course of Road and Bridge Fund operations.

The State Treasurer has drafted a Memorandum of Understanding (MOU), which has not been approved by the County. In accordance with the unapproved MOU, beginning in 2004 the State Treasurer began deducting \$26,977.50 per month from the County's HUTF distributions. Such deductions are anticipated to continue through December 2006. Questions exist regarding the County's ability to enter into a multi-fiscal year agreement as presented by the State Treasurer.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Claim of Overpayment #2

During July of 2004, the County was informed that the State Treasurer had erroneously distributed \$328,471 of HUTF monies to the County during 2000. The overpayment was a result of the State Treasurer and/or the Colorado Department of Transportation transposing bridge deck data used to calculate distributions. The County has expended these monies in the ordinary course of Road and Bridge Fund operations.

The State Treasurer has unilaterally offered to extend the unapproved MOU described above for an additional two years. The question of legal ability described above is also applicable to this claim.

The County has recorded a liability of \$975,931 for these claims as of December 31, 2004 in its government-wide financial statements. The claim will be reduced based upon the reduction of revenue in future years in its governmental fund financial statements. Anticipated revenue reductions are as follows:

Year Ending December 31,

2005	\$ 323,730
2006	323,730
2007	164,235
2008	164,236
	<u>\$ 975,931</u>

NOTE 6 - NET ASSETS

The County has net assets consisting of three components - invested in capital assets, net of related debt, restricted, and unrestricted.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 6 - NET ASSETS (CONTINUED)

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2004, the County had invested in capital assets, net of related debt of \$6,913,794 calculated as follows:

	Governmental Activities
Invested in capital assets, net of related debt:	
Capital assets, net	\$ 9,528,236
Bond issuance costs (net of accumulated amortization)	85,424
Current portion of long-term obligations	(761,469)
Noncurrent portion of long-term obligations	(1,938,397)
Invested in capital asset, net of related debt	<u>\$ 6,913,794</u>

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The County had restricted net assets of \$1,562,410 as of December 31, 2004 as follows:

	Governmental Activities
<u>Primary Government</u>	
Restricted net assets:	
Debt service - Special assessment debt	\$ 825,653
Emergencies under TABOR	323,880
Trust for future projects	412,877
Total restricted net assets	<u>\$ 1,562,410</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 7 - PENSION PLAN

The County has adopted a multiple employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees meeting the minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees must match the employer contributions which may range from 3% to 6% of gross wages less overtime pay. An employee may contribute an additional 10% of eligible compensation after taxes or defer up to the lesser of \$8,500 or 25% of gross wages until retirement. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. Unvested employer contributions forfeited at termination revert to the County.

Both the County and the employees contributed 4% of eligible gross wages to the Plan during 2004. During the year ended December 31, 2004, participants made additional voluntary contributions. Additionally, certain participants participated in the Voluntary Deferred Compensation Plan during 2004. Information regarding the pension plan contributions for 2004 is as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Total payroll	\$5,694,439	\$6,059,299	\$5,264,969
Base salary - eligible	4,597,654	4,599,218	3,779,075
County contribution	181,171	184,245	151,163
Employee contribution	181,171	184,245	151,163

NOTE 8 - DEFERRED COMPENSATION PLAN

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The County leases equipment under operating leases that expire through 2009. Total rental expense for the year ended December 31, 2004 was \$419,108. The future minimum annual rental commitments under these leases are as follows:

<u>Year ending December 31,</u>	<u>Minimum Lease Payments</u>
2005	\$ 262,807
2006	151,538
2007	140,724
2008	144,624
2009	136,158
	<u>\$ 835,851</u>

Litigation

The County has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The County is monitoring the progress of these matters and has referred various matters to the County's insurance carrier for consultation and representation. Insurance could participate in defense, settlement and claims costs subject to the terms and conditions of the insuring agreements.

NOTE 10 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God. The County is one of several counties which are members of the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool (Pools). The Pools are organizations created by intergovernmental agreement. The Colorado Counties Casualty and Property Pool provides general liability, automobile liability, property and auto physical damage to its members. The County Workers' Compensation Pool provides workers' compensation coverage to its members.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The County pays annual contributions to the Pools for its property and casualty insurance and its workers' compensation insurance. The County has a \$500 deductible per claim for its property and casualty insurance. The intergovernmental agreements which formed the Pools provides that the Pools will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pools will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Each pool is managed by an independent risk manager/claims administrator who reports to the Pool Board of Directors. Each member's contribution to the respective pool is determined on factors including, but not limited to, the Pool's claim experience, premium costs, cost of administration and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors effecting the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

The County's contributions as a percentage of pool revenue are less than 3%.

The Pools provide the following types of coverage:

	Self-Insured Retentions (Per Occurrence)	Excess Insurance Limits (Per Occurrence)
Liability	\$ 250,000	\$ 3,000,000
Property	\$ 150,000	\$ 50,000,000
Workers' compensation	\$ 500,000	\$ 2,000,000

Settled claims have not exceeded coverage provided by the Pools in any of the past three fiscal years.

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE 11 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, a majority of the County's electors authorized the County to retain or expend all revenue derived from building and other development related fees, exactions and permits; and revenues, cost reimbursements and grants from other governments during 1996 and each subsequent year without regard to any TABOR limitation or any other law provided, however, that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without consent of the voters approving any such increase or new tax.

NOTE 12 - RESTATEMENT OF ASSETS

As of January 1, 2003, the County implemented the reporting requirements of the Governmental Accounting Standards Board GASB Statement No. 34. Subsequent to December 31, 2003, the County had identified the following as adjustments to Net Asset:

Balance previously presented	\$ 6,221,339
Valuation of land previously not reflected	549,313
Other	<u>4,227</u>
Restated Beginning Net Assets	<u>\$ 6,774,879</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2004

	Budget	
	Original	Final
REVENUE		
Taxes	\$ 3,287,323	\$ 3,287,323
Licenses and permits	715,550	715,550
Intergovernmental	267,159	267,159
Charges for service	1,406,020	1,406,020
Net investment income	201,000	201,000
Miscellaneous	109,500	109,500
Total revenue	<u>5,986,552</u>	<u>5,986,552</u>
EXPENDITURES		
General government	3,747,807	3,747,807
Public safety	1,903,128	2,000,000
Public health and welfare	292,908	375,000
Culture and recreation	142,147	150,000
Auxiliary services	109,881	109,881
Total expenditures	<u>6,195,871</u>	<u>6,382,688</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(209,319)</u>	<u>(396,136)</u>
OTHER FINANCING SOURCES		
Transfers in	-	350,000
Total other financing sources	<u>-</u>	<u>350,000</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>(209,319)</u>	<u>(46,136)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>64,663</u>	<u>64,663</u>
FUND BALANCE - END OF YEAR	<u>\$ (144,656)</u>	<u>\$ 18,527</u>

<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 3,933,038	\$ 645,715
794,797	79,247
266,012	(1,147)
1,110,131	(295,889)
98,995	(102,005)
107,810	(1,690)
<u>6,310,783</u>	<u>324,231</u>
3,661,974	85,833
1,989,365	10,635
368,776	6,224
145,507	4,493
95,560	14,321
<u>6,261,182</u>	<u>121,506</u>
<u>49,601</u>	<u>445,737</u>
350,000	-
<u>350,000</u>	<u>-</u>
399,601	445,737
(341,479)	(406,142)
<u>\$ 58,122</u>	<u>\$ 39,595</u>

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUE - BUDGET AND ACTUAL
Year Ended December 31, 2004

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes			
Property taxes	\$ 2,628,823	\$ 3,278,660	\$ 649,837
Specific ownership taxes	650,000	648,296	(1,704)
Cigarette taxes	8,500	6,082	(2,418)
Total taxes	<u>3,287,323</u>	<u>3,933,038</u>	<u>645,715</u>
Licenses and permits			
Building and zoning fees	715,250	793,572	78,322
Liquor licenses	300	1,225	925
Total licenses and permits	<u>715,550</u>	<u>794,797</u>	<u>79,247</u>
Intergovernmental revenue			
VALE grant	30,386	34,324	3,938
EMC state	42,000	18,869	(23,131)
Law enforcement grant	1,500	9,900	8,400
Environmental health grant	-	20,324	20,324
Courthouse grant	150,000	12,000	(138,000)
Other intergovernmental revenue	43,273	170,595	127,322
Total intergovernmental revenue	<u>267,159</u>	<u>266,012</u>	<u>(1,147)</u>
Charges for services			
Assessor	4,000	2,707	(1,293)
Sheriff	240,500	56,360	(184,140)
Clerk	575,000	456,414	(118,586)
Treasurer	285,000	218,852	(66,148)
Nurse	149,520	173,540	24,020
Compactor fees	60,000	45,086	(14,914)
Work release fees	5,000	-	(5,000)
Public trustee fees	50,000	147,093	97,093
Miscellaneous fees	37,000	10,079	(26,921)
Total charges for services	<u>1,406,020</u>	<u>1,110,131</u>	<u>(295,889)</u>
Net investment income	<u>201,000</u>	<u>98,995</u>	<u>(102,005)</u>
Miscellaneous revenue			
DUI insurance	4,000	4,162	162
Fair receipts	21,000	21,177	177
Other	84,500	82,471	(2,029)
Total miscellaneous revenue	<u>109,500</u>	<u>107,810</u>	<u>(1,690)</u>
Total revenue	<u><u>\$ 5,986,552</u></u>	<u><u>\$ 6,310,783</u></u>	<u><u>\$ 324,231</u></u>

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended December 31, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES				
General government				
Office of Commissioners	\$ 211,361	\$ 211,361	\$ 228,694	\$ (17,333)
Clerk of the Board	37,453	37,453	37,512	(59)
County attorney	70,400	70,400	103,713	(33,313)
Clerk and recorder	304,888	304,888	304,773	115
Clerk and recorder - Elections	47,200	47,200	51,137	(3,937)
County Treasurer	197,459	197,459	184,925	12,534
County Assessor	420,817	420,817	444,365	(23,548)
Maintenance of grounds and buildings	179,144	179,144	161,259	17,885
Central data processing	288,797	288,797	191,016	97,781
Other administration	1,365,574	1,365,574	1,353,257	12,317
Budget/payroll	66,850	66,850	73,426	(6,576)
District attorney	472,610	472,610	457,718	14,892
Compactor	85,254	85,254	70,179	15,075
Total general government	<u>3,747,807</u>	<u>3,747,807</u>	<u>3,661,974</u>	<u>85,833</u>
Public safety				
County sheriff	843,007	843,007	665,905	177,102
County jail	653,621	750,493	818,416	(67,923)
County coroner	58,450	58,450	69,912	(11,462)
Judicial center	-	-	43,873	(43,873)
Building inspection	140,243	140,243	175,720	(35,477)
Land use administration	197,107	197,107	209,032	(11,925)
Planning commission	10,700	10,700	6,507	4,193
Total public safety	<u>1,903,128</u>	<u>2,000,000</u>	<u>1,989,365</u>	<u>10,635</u>
Public health and welfare	<u>292,908</u>	<u>375,000</u>	<u>368,776</u>	<u>6,224</u>
Culture and recreation	<u>142,147</u>	<u>150,000</u>	<u>145,507</u>	<u>4,493</u>
Auxiliary services				
Extension office	107,261	107,261	95,560	11,701
Veterans office	2,620	2,620	-	2,620
Total auxiliary services	<u>109,881</u>	<u>109,881</u>	<u>95,560</u>	<u>14,321</u>
Total expenditures	<u>\$ 6,195,871</u>	<u>\$ 6,382,688</u>	<u>\$ 6,261,182</u>	<u>\$ 121,506</u>

ELBERT COUNTY, COLORADO
ROAD AND BRIDGE FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2004

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ 2,943,323	\$ 2,851,376	\$ (91,947)
Intergovernmental	3,288,737	1,648,962	(1,639,775)
Miscellaneous	253,700	503,635	249,935
Total revenue	<u>6,485,760</u>	<u>5,003,973</u>	<u>(1,481,787)</u>
EXPENDITURES			
General government	-	75,455	(75,455)
Public works	5,578,477	4,029,297	1,549,180
Debt service	897,451	654,079	243,372
Capital outlay	300,000	96,092	203,908
Total expenditures	<u>6,775,928</u>	<u>4,854,923</u>	<u>1,921,005</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(290,168)</u>	<u>149,050</u>	<u>439,218</u>
OTHER FINANCING (USES)			
Transfers out	-	(350,000)	(350,000)
Total other financing (uses)	<u>-</u>	<u>(350,000)</u>	<u>(350,000)</u>
EXCESS (DEFICIENCY) OF REVENUE (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(290,168)	(200,950)	89,218
FUND BALANCE - BEGINNING OF YEAR	<u>843,781</u>	<u>687,803</u>	<u>(155,978)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 553,613</u></u>	<u><u>\$ 486,853</u></u>	<u><u>\$ (66,760)</u></u>

ELBERT COUNTY, COLORADO
SOCIAL SERVICES FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2004

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
Taxes	\$ 239,923	\$ 262,643	\$ 22,720
Intergovernmental	1,374,276	505,970	(868,306)
Miscellaneous	-	36,685	36,685
Total revenue	<u>1,614,199</u>	<u>805,298</u>	<u>(808,901)</u>
EXPENDITURES			
Public health and welfare	<u>1,036,619</u>	<u>728,512</u>	<u>308,107</u>
Total expenditures	<u>1,036,619</u>	<u>728,512</u>	<u>308,107</u>
EXCESS OF REVENUE OVER EXPENDITURES	577,580	76,786	(500,794)
FUND BALANCE - BEGINNING OF YEAR	<u>506,282</u>	<u>506,282</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,083,862</u></u>	<u><u>\$ 583,068</u></u>	<u><u>\$ (500,794)</u></u>

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SUPPLEMENTAL INFORMATION

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds	Debt Service Funds
ASSETS		
Cash and investments with Treasurer	\$ 2,116,254	\$ 248,700
Property taxes receivable	155,806	-
TOTAL ASSETS	<u><u>\$ 2,272,060</u></u>	<u><u>\$ 248,700</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Warrants payable	\$ 14,646	\$ -
Accounts payable	43,902	-
Accrued interest payable	-	-
Deferred property tax revenue	155,806	-
Total liabilities	<u>214,354</u>	<u>-</u>
 FUND BALANCE		
Reserved	736,757	248,700
Unreserved		
Undesignated	1,320,949	-
Total fund balance	<u>2,057,706</u>	<u>248,700</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,272,060</u></u>	<u><u>\$ 248,700</u></u>

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 670,643	\$ 3,035,597
306,000	461,806
<u>\$ 976,643</u>	<u>\$ 3,497,403</u>

\$ -	\$ 14,646
-	43,902
1,754	1,754
306,000	461,806
<u>307,754</u>	<u>522,108</u>

668,889	1,654,346
-	1,320,949
<u>668,889</u>	<u>2,975,295</u>
<u>\$ 976,643</u>	<u>\$ 3,497,403</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2004

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
REVENUE		
Taxes	\$ 184,522	\$ 83,668
Intergovernmental	116,439	-
Charges for services	312,262	-
Miscellaneous	18,923	90
Total revenue	<u>632,146</u>	<u>83,758</u>
EXPENDITURES		
General government	203,350	1,582
Public works	-	214,628
Culture and recreation	36,238	-
Debt service	-	39,513
Total expenditures	<u>239,588</u>	<u>255,723</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>392,558</u>	<u>(171,965)</u>
OTHER FINANCING SOURCES (USES)		
Bond proceeds	-	-
Bond issuance costs	-	-
Total other financing sources	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	392,558	(171,965)
FUND BALANCE - BEGINNING OF YEAR	<u>1,665,148</u>	<u>420,665</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,057,706</u></u>	<u><u>\$ 248,700</u></u>

Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 146	\$ 268,336
-	116,439
-	312,262
-	19,013
<u>146</u>	<u>716,050</u>
5	204,937
-	214,628
-	36,238
-	39,513
<u>5</u>	<u>495,316</u>
<u>141</u>	<u>220,734</u>
625,000	625,000
(48,047)	(48,047)
<u>576,953</u>	<u>576,953</u>
577,094	797,687
<u>91,795</u>	<u>2,177,608</u>
<u>\$ 668,889</u>	<u>\$ 2,975,295</u>

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2004

	<u>Contingency</u>	<u>Retirement</u>	<u>Conservation Trust</u>
ASSETS			
Cash and investments with Treasurer	\$ 323,880	\$ 89,806	\$ 412,877
Property taxes receivable	-	155,806	-
TOTAL ASSETS	<u>\$ 323,880</u>	<u>\$ 245,612</u>	<u>\$ 412,877</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Warrants payable	\$ -	\$ 14,646	\$ -
Accounts payable	-	-	-
Deferred property tax revenue	-	155,806	-
Total liabilities	<u>-</u>	<u>170,452</u>	<u>-</u>
 FUND BALANCE			
Reserved	323,880	-	412,877
Unreserved			
Undesignated	-	75,160	-
Total fund balance	<u>323,880</u>	<u>75,160</u>	<u>412,877</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 323,880</u>	 <u>\$ 245,612</u>	 <u>\$ 412,877</u>

Impact Assistance	Total
\$ 1,289,691	\$ 2,116,254
-	155,806
<u>\$ 1,289,691</u>	<u>\$ 2,272,060</u>

\$ -	\$ 14,646
43,902	43,902
-	155,806
<u>43,902</u>	<u>214,354</u>

-	736,757
1,245,789	1,320,949
<u>1,245,789</u>	<u>2,057,706</u>

<u>\$ 1,289,691</u>	<u>\$ 2,272,060</u>
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ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2004

	<u>Contingency</u>	<u>Retirement</u>
REVENUE		
Taxes	\$ -	\$ 184,522
Intergovernmental	-	-
Charges for services	-	-
Net investment income	-	-
Miscellaneous	-	18,923
Total revenue	<u>-</u>	<u>203,445</u>
EXPENDITURES		
General government	-	185,940
Culture and recreation	-	-
Total expenditures	<u>-</u>	<u>185,940</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	17,505
FUND BALANCE - BEGINNING OF YEAR	<u>323,880</u>	<u>57,655</u>
FUND BALANCE - END OF YEAR	<u>\$ 323,880</u>	<u>\$ 75,160</u>

Conservation Trust	Impact Assistance	Total
\$ -	\$ -	\$ 184,522
116,439	-	116,439
-	296,310	296,310
5,013	10,939	15,952
-	-	18,923
<u>121,452</u>	<u>307,249</u>	<u>632,146</u>
-	17,410	203,350
36,238	-	36,238
<u>36,238</u>	<u>17,410</u>	<u>239,588</u>
85,214	289,839	392,558
<u>327,663</u>	<u>955,950</u>	<u>1,665,148</u>
<u>\$ 412,877</u>	<u>\$ 1,245,789</u>	<u>\$ 2,057,706</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2004

	Contingency		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Net investment income	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>323,880</u>	<u>323,880</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 323,880</u></u>	<u><u>\$ 323,880</u></u>	<u><u>\$ -</u></u>

Retirement			Variance with
Original	Final		Final Budget
Budget	Budget	Actual	Positive
			(Negative)
\$ 168,859	\$ 168,859	\$ 184,522	\$ 15,663
-	-	-	-
-	-	-	-
-	-	-	-
10,000	10,000	18,923	8,923
<u>178,859</u>	<u>178,859</u>	<u>203,445</u>	<u>24,586</u>
140,000	185,000	185,940	(45,940)
<u>140,000</u>	<u>185,000</u>	<u>185,940</u>	<u>(45,940)</u>
38,859	(6,141)	17,505	(23,646)
<u>57,655</u>	<u>57,655</u>	<u>57,655</u>	<u>-</u>
<u>\$ 96,514</u>	<u>\$ 51,514</u>	<u>\$ 75,160</u>	<u>\$ (23,646)</u>

(Continued)

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2004
(Continued)

	Conservation Trust		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	100,000	116,439	16,439
Charges for services	-	-	-
Net investment income	-	5,013	5,013
Miscellaneous	-	-	-
Total revenue	<u>100,000</u>	<u>121,452</u>	<u>21,452</u>
EXPENDITURES			
General government	<u>300,000</u>	<u>36,238</u>	<u>263,762</u>
Total expenditures	<u>300,000</u>	<u>36,238</u>	<u>263,762</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(200,000)	85,214	285,214
FUND BALANCE - BEGINNING OF YEAR	<u>327,663</u>	<u>327,663</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 127,663</u>	<u>\$ 412,877</u>	<u>\$ 285,214</u>

Impact Assistance		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
200,000	296,310	96,310
-	10,939	10,939
-	-	-
<u>200,000</u>	<u>307,249</u>	<u>107,249</u>
<u>200,000</u>	<u>17,410</u>	<u>182,590</u>
<u>200,000</u>	<u>17,410</u>	<u>182,590</u>
-	289,839	289,839
<u>955,950</u>	<u>955,950</u>	<u>-</u>
<u><u>\$ 955,950</u></u>	<u><u>\$ 1,245,789</u></u>	<u><u>\$ 289,839</u></u>

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
December 31, 2004

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>	<u>Total</u>
ASSETS				
Cash and investments with Treasurer	<u>\$ 75,297</u>	<u>\$ 84,754</u>	<u>\$ 88,649</u>	<u>\$ 248,700</u>
TOTAL ASSETS	<u><u>\$ 75,297</u></u>	<u><u>\$ 84,754</u></u>	<u><u>\$ 88,649</u></u>	<u><u>\$ 248,700</u></u>
LIABILITIES AND FUND BALANCE				
FUND BALANCE				
Reserved	<u>\$ 75,297</u>	<u>\$ 84,754</u>	<u>\$ 88,649</u>	<u>\$ 248,700</u>
Total fund balance	<u>75,297</u>	<u>84,754</u>	<u>88,649</u>	<u>248,700</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 75,297</u></u>	<u><u>\$ 84,754</u></u>	<u><u>\$ 88,649</u></u>	<u><u>\$ 248,700</u></u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2004

	<u>Amanda Pines Estates</u>	<u>Rolling Hills</u>	<u>Chaparral Valley</u>	<u>Total</u>
REVENUE				
Taxes	\$ 31,763	\$ 20,277	\$ 31,628	\$ 83,668
Miscellaneous	16	15	59	90
Total revenue	<u>31,779</u>	<u>20,292</u>	<u>31,687</u>	<u>83,758</u>
EXPENDITURES				
General government	558	436	588	1,582
Public works	-	-	214,628	214,628
Debt service	7,395	10,968	21,150	39,513
Total expenditures	<u>7,953</u>	<u>11,404</u>	<u>236,366</u>	<u>255,723</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>23,826</u>	<u>8,888</u>	<u>(204,679)</u>	<u>(171,965)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Bond issuance costs	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	23,826	8,888	(204,679)	(171,965)
FUND BALANCE - BEGINNING OF YEAR	<u>51,471</u>	<u>75,866</u>	<u>293,328</u>	<u>420,665</u>
FUND BALANCE - END OF YEAR	<u>\$ 75,297</u>	<u>\$ 84,754</u>	<u>\$ 88,649</u>	<u>\$ 248,700</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2004

	Amanda Pines Estates		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE			
Taxes	\$ 51,810	\$ 31,763	\$ (20,047)
Net investment income	-	-	-
Miscellaneous	-	16	16
Total revenue	<u>51,810</u>	<u>31,779</u>	<u>(20,031)</u>
EXPENDITURES			
General government	-	558	(558)
Public works	-	-	-
Debt service	51,810	7,395	44,415
Total expenditures	<u>51,810</u>	<u>7,953</u>	<u>43,857</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>23,826</u>	<u>23,826</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	23,826	23,826
FUND BALANCE - BEGINNING OF YEAR	<u>51,471</u>	<u>51,471</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 51,471</u>	<u>\$ 75,297</u>	<u>\$ 23,826</u>

Rolling Hills			Chaparral Valley		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 25,106	\$ 20,277	\$ (4,829)	\$ -	\$ 31,628	\$ 31,628
-	15	15	-	59	59
-	-	-	-	-	-
25,106	20,292	(4,814)	-	31,687	31,687
-	436	(436)	-	588	(588)
-	-	-	338,000	214,628	123,372
25,106	10,968	14,138	860	21,150	(20,290)
25,106	11,404	13,702	338,860	236,366	102,494
-	8,888	8,888	(338,860)	(204,679)	134,181
-	-	-	350,000	-	(350,000)
-	-	-	350,000	-	(350,000)
-	8,888	8,888	11,140	(204,679)	(215,819)
75,866	75,866	-	293,328	293,328	-
\$ 75,866	\$ 84,754	\$ 8,888	\$ 304,468	\$ 88,649	\$ (215,819)

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2004

	<u>Capital Improvement</u>	<u>Meadows Station</u>	<u>Total</u>
ASSETS			
Cash and investments with Treasurer	\$ 91,936	\$ 578,707	\$ 670,643
Property taxes receivable	<u>306,000</u>	<u>-</u>	<u>306,000</u>
TOTAL ASSETS	<u><u>\$ 397,936</u></u>	<u><u>\$ 578,707</u></u>	<u><u>\$ 976,643</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued interest	\$ -	\$ 1,754	\$ 1,754
Deferred property tax revenue	<u>306,000</u>	<u>-</u>	<u>306,000</u>
Total liabilities	<u><u>306,000</u></u>	<u><u>1,754</u></u>	<u><u>307,754</u></u>
FUND BALANCE			
Reserved	<u>91,936</u>	<u>576,953</u>	<u>668,889</u>
Total fund balance	<u><u>91,936</u></u>	<u><u>576,953</u></u>	<u><u>668,889</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 397,936</u></u>	<u><u>\$ 578,707</u></u>	<u><u>\$ 976,643</u></u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND
Year Ended December 31, 2004

	<u>Capital Improvements</u>	<u>Meadows Station</u>	<u>Total</u>
REVENUE			
Taxes	\$ 146	\$ -	\$ 146
Miscellaneous	-	-	-
Total revenue	<u>146</u>	<u>-</u>	<u>146</u>
EXPENDITURES			
General government			
Public works	5	-	5
Debt service	-	-	-
Total expenditures	<u>5</u>	<u>-</u>	<u>5</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>141</u>	<u>-</u>	<u>141</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	625,000	625,000
Bond issuance costs	-	(48,047)	(48,047)
Total other financing sources	<u>-</u>	<u>576,953</u>	<u>576,953</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES	141	576,953	577,094
FUND BALANCE - BEGINNING OF YEAR	<u>91,795</u>	<u>-</u>	<u>91,795</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 91,936</u></u>	<u><u>\$ 576,953</u></u>	<u><u>\$ 668,889</u></u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND
Year Ended December 31, 2004

	Capital Improvements			Variance with
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUE				
Taxes	\$ -	\$ -	\$ 146	\$ 146
Miscellaneous	-	-	-	-
Total revenue	-	-	146	146
EXPENDITURES				
General government	-	-	5	(5)
Public works	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	5	(5)
EXCESS OF REVENUE				
OVER EXPENDITURES	-	-	141	141
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Bond issuance fees	-	-	-	-
Total other financing sources (uses)	-	-	-	-
EXCESS OF REVENUE OVER				
EXPENDITURES AND OTHER				
FINANCING SOURCES (USES)	-	-	141	141
FUND BALANCE - BEGINNING OF YEAR	-	-	91,795	91,795
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,936</u>	<u>\$ 91,936</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND
Year Ended December 31, 2004

	Meadows Station			Variance with
	Original	Final		Final Budget
	Budget	Budget	Actual	Positive
				(Negative)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenue	-	-	-	-
EXPENDITURES				
Public works	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE				
OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	625,000	625,000	-
Bond issuance fees	-	(50,000)	(48,047)	1,953
Total other financing sources (uses)	-	575,000	576,953	1,953
EXCESS OF REVENUE OVER				
EXPENDITURES AND OTHER				
FINANCING SOURCES (USES)	-	575,000	576,953	1,953
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 576,953</u>	<u>\$ 1,953</u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE AND EXPENDITURES
Year Ended December 31, 2004

REVENUE

Taxes

Property taxes	\$ 262,643
	<u>262,643</u>

Intergovernmental

Administration	61,500
CBMS Conversion	4,818
Child Care	6,190
Child Welfare	337,295
Colorado Works	46,331
Core Services administration	927
Family to Family Grant	25,000
HB-1414	3,134
LEAP administration	3,562
OAP	2,083
Title IV-D Incentives: Child support	14,969
100% State Programs	161
Miscellaneous	30,087
Total intergovernmental revenue	<u>536,057</u>
Total revenue	<u><u>\$ 798,700</u></u>

EXPENDITURES

Public health and welfare

Aid to Needy Disabled	\$ 869
Case Services	1,548
CBMS Conversion	4,818
Child Care administration	19,613
Child Support administration	15,408
Child Welfare administration	497,788
Colorado Works administration	66,973
Core Services administration	1,160
Family to Family Grant	25,000
County administration	85,322
General Assistance	1,028
Home Care Assistance	44
HB-1414	3,134
LEAP administration	3,563
Old Age Pension	2,083
100% State Programs	161
Total public health and welfare expenditures	<u><u>\$ 728,512</u></u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND
SCHEDULE OF EBT AUTHORIZATIONS, WARRANT EXPENDITURES AND TOTAL EXPENDITURES
Year Ended December 31, 2004

Program	County EBT Authorizations	County Share of Authorizations	Expenditures by County Warrant	County EBT Authorizations Plus Expenditures by County Warrant	Total Expenditures
Aid to Needy Disabled	\$ 4,347	\$ 869	\$ -	\$ 4,347	\$ 869
CBMS Conversion	-	-	4,818	4,818	4,818
Case Services	-	-	1,548	1,548	1,548
Child Care					
Admin	-	-	7,738	7,738	7,738
EBT/MOE	103,111	11,875	-	103,111	11,875
Total Child Care	103,111	11,875	7,738	110,849	19,613
Child Support					
Admin	-	-	15,408	15,408	15,408
Child Welfare					
Admin 100%	-	-	55,777	55,777	55,777
Admin 80%	-	-	352,609	352,609	352,609
CHRP	30,900	6,180	-	30,900	6,180
RTC	314,784	20,481	-	314,784	20,481
Out of home	234,417	56,790	-	234,417	56,790
Child care	16,476	3,295	164	16,640	3,459
Sub-Adopt	12,462	2,492	-	12,462	2,492
Total Child Welfare	609,039	89,238	408,550	1,017,589	497,788
Colorado Works					
Admin	-	-	52,853	52,853	52,853
EBT	105,237	14,120	-	105,237	14,120
Total Colorado Works	105,237	14,120	52,853	158,090	66,973
Core Services					
FICF Client Benefit	6,991	-	-	6,991	-
Admin 80/20	-	-	1,160	1,160	1,160
Total Core Services	6,991	-	1,160	8,151	1,160
Administration					
County	-	-	85,322	85,322	85,322
Family to Family Grant	-	-	25,000	25,000	25,000
Food Assistance	504,412	-	-	504,412	-
General Assistance	-	-	1,028	1,028	1,028
HB 1414 IV-E Eligibility	-	-	3,134	3,134	3,134
HCA	889	44	-	889	44
LEAP					
Admin/EBT	109,555	-	3,563	113,118	3,563
Old Age Pension					
Admin	-	-	2,083	2,083	2,083
EBT	29,847	-	-	29,847	-
Total Old Age Pension	29,847	-	2,083	31,930	2,083
100% State Programs	-	-	161	161	161
Total	<u>\$ 1,473,428</u>	<u>\$ 116,146</u>	<u>\$ 612,366</u>	<u>\$ 2,085,794</u>	<u>\$ 728,512</u>

ELBERT COUNTY, COLORADO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
ASSETS				
Cash - Treasurer	\$ 1,010,830	\$ 21,809,656	\$ (21,531,735)	\$ 1,288,751
Cash - Public Trustee	125,406	3,969,634	(4,039,405)	55,635
TOTAL ASSETS	<u><u>\$ 1,136,236</u></u>	<u><u>\$ 25,779,290</u></u>	<u><u>\$ (25,571,140)</u></u>	<u><u>\$ 1,344,386</u></u>
LIABILITIES				
Due to other governments	\$ 1,000,330	\$ 21,809,656	\$ (21,531,735)	\$ 1,278,251
Other liabilities	10,500	-	-	10,500
Escrow deposits held by Public Trustee	125,406	3,969,634	(4,039,405)	55,635
TOTAL LIABILITIES	<u><u>\$ 1,136,236</u></u>	<u><u>\$ 25,779,290</u></u>	<u><u>\$ (25,571,140)</u></u>	<u><u>\$ 1,344,386</u></u>

**REPORTS REQUIRED BY
THE SINGLE AUDIT ACT AMENDMENTS OF 1996**

ELBERT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	CFDA No.	Expenditures
U.S. Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Stamps	10.551	\$ 504,483
Food Assistance Administration	10.561	11,938
Total U.S. Department of Agriculture		<u>516,421</u>
U.S. Department of Health and Human Services		
Passed through Colorado Department of Human Services		
Temporary Assistance for Needy Families (TANF)	93.558	135,225
Title IV-D-Child Support Enforcement	93.563	22,797
Title XIX - Medical Assistance Program	93.778	186,609
Low Income Home Energy Assistance	93.568	113,118
Child Care and Development Fund	93.596	41,620
Child Care and Development Fund - Discretionary	93.575	29,226
Title IV-B-Child Welfare Services	93.645	12,623
Title IV-E-Foster Care	93.658	107,043
Title XX - Social Services Block Grant	93.667	61,332
Title IV-E - Adoption	93.659	17,781
Passed through Colorado Department of Public Health		
Childhood Immunization	93.268	11,965
Family Planning Services	93.217	18,752
Maternal and Child Health	93.110	1,101
Investigations and Technical Assistance	93.283	32,945
Preventive Health Services -STD's	93.977	1,172
Maternal and Child Health - Block Grant	93.994	4,171
Total U.S. Department of Health and Human Services		<u>797,480</u>
U.S. Environmental Protection Agency		
Passed through the Colorado Department of Public Health	66.605	3,904
Air Pollution Control	66.606	3,740
Total U.S. Environmental Protection Agency		<u>7,644</u>
Federal Emergency Management Agency		
Passed through the Colorado Department of Local Affairs		
Community Emergency Response Team (CERT) Grant	97.503	3,347
Emergency Management Performance Grant	83.552	57,109
Total Federal Emergency Management Agency		<u>60,456</u>
Department of Justice		
Passed through the Colorado Department of Local Affairs		
Domestic Preparedness Grant	16.007	<u>3,000</u>
Total Federal Financial Assistance		<u>\$ 1,385,001</u>

ELBERT COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended December 31, 2004

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elbert County, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

NOTE 2 - ELECTRONIC BENEFIT TRANSFERS

Elbert County is using the State of Colorado electronic benefit transfer system. Benefits received by participants in the food stamp and TANF programs are electronically made to the participants using an EBT card by the Colorado Department of Human Services. No funds are received by the County. The Schedule of Expenditures of Federal Awards reflects the participants benefits, based upon information provided to the County, by the Colorado Department of Human Services.

NOTE 3 - SUBRECIPIENTS

No Federal Awards were passed through to subrecipients for the year ended December 31, 2004.

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**Board of County Commissioners
Elbert County, Colorado**

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of Elbert County, Colorado, as of and for the year ended December 31, 2004, and have issued our report thereon dated July 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elbert County, Colorado's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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**Board of County Commissioners
Elbert County, Colorado**

We noted certain matters that we reported to management of Elbert County, Colorado in a separate letter dated July 1, 2005.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and the Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

July 21 2005

Bondi & Co. LLC
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BONDI & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

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Board of County Commissioners
Elbert County, Colorado

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Elbert County, Colorado with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2004. Elbert County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Elbert County, Colorado's management. Our responsibility is to express an opinion on Elbert County, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elbert County, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Elbert County, Colorado's compliance with those requirements.



Affiliate Offices Worldwide

**Board of County Commissioners
Elbert County, Colorado**

In our opinion, Elbert County, Colorado complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed two instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 03-01 and 03-02.

Internal Control Over Compliance

The management of Elbert County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Elbert County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, caused by fraud or error that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

July 1, 2005


BONDI & Co. LLC

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2004

Section I - Summary of Auditors' Results

Financial Statements

- (i) **An unqualified opinion was issued on Elbert County, Colorado's basic financial statements.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a material weakness.**
- (iii) **The audit disclosed no instances of noncompliance that are identified as a reportable condition.**
- (iv) **The audit disclosed no instances of noncompliance that are material to the basic financial statements of Elbert County, Colorado.**

Federal Awards

- (i) **The audit disclosed no instances of noncompliance that are identified as a material weakness over Elbert County, Colorado's major federal programs.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a reportable condition over Elbert County, Colorado's major federal programs.**
- (iii) **The independent auditors' report on compliance for the major federal award programs of Elbert County, Colorado expresses an unqualified opinion.**
- (iv) **There are two findings relative to the major federal award programs for Elbert County, Colorado that are required to be reported in accordance with Section 510(a) of the Office of Management and Budget Circular A-133.**

Major Programs/Other Information

- (i) **Major federal programs of Elbert County, Colorado: (1) U.S. Department of Agriculture, Food Stamps, CFDA #10.551, (2) U.S. Department of Agriculture, Administrative Matching Grants for Food Stamp Program, CFDA #10.561, (3) U.S. Department of Health and Human Services, passed through Colorado Department of Health and Human Services, Temporary Assistance of Needy Families, CFDA #93.558, and (4) U.S. Department of Health and Human Services, passed through Colorado Department of Health and Human Services, Medical Assistance Program, CFDA #93.778.**

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2004

Section I - Summary of Auditors' Results

- (ii) The dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (iii) Elbert County, Colorado did not qualify as a low risk auditee.

Section II - Financial Statement Findings

There were no findings relating to the audit of Elbert County, Colorado's basic financial statements that are required to be reported under *Generally Accepted Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

Finding 04-01

**Food Stamp Cluster – CFDA 10.551 and 10.561
Temporary Assistance for Needy Families (TANF) – CFDA 93.558**

Condition:

We tested a sample of social services case files of participants in the food stamp and TANF programs for proper eligibility verification. We found 8 of the 20 files were missing documentation required by the County Department of Social Services to determine eligibility status for the food stamp program, and 9 of the 20 files were missing required documentation for the TANF program.

Recommendation:

We recommend that staff develop a checklist detailing required items to use for each case and review current files to identify missing documentation.

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2004

Finding 04-01 (Continued)

County Response:

We have not had time to review the findings as it relates to individual case files. However, a checklist as recommended has been implemented

Finding 04-02

Food Stamp Cluster - CFDA 10.551 and 10.561

Condition:

Food Stamp participants are required to complete an annual re-determination to verify eligibility to participate in the program. During our testing we noted one instance where the client did not complete the annual re-determination and was still receiving benefits.

Recommend:

We recommend that the County implement a tickler system to easily identify the annual re-determination period.

County Response:

The State has implemented a new state-wide computer application, CBMS, which alerts a worker when a re-determination of benefits is needed. Therefore, we believe this recommendation has been implemented.

ELBERT COUNTY, COLORADO

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2004

Finding 03-01

Foster Care

CFDA Number: 93-658

Condition:

For one client tested, the permanency hearing was not held within the required timeframes. The permanency hearing was held in 2001. Since that date no court records were maintained as documentation in the file.

County Response:

ECDSS has hired a new County Attorney, Linda Arnold, who has since corrected this case. The juvenile was returned home to his parents and re-entered care in August 2003. All documentation to date has been corrected. This child's placement continues to be reviewed by the Court and the State Administrative Review Division every six months.

OTHER SCHEDULES

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2004

		\$247,523 Capital Lease Dated April 10, 2000 with Principal and Interest of 5.25% Due Quarterly on January 10, April 10, July 10 and October 10		
Principal and Interest Due in the Year Ending December 31,		Principal	Interest	Total
2005	\$	27,726	\$ 547	\$ 28,273
2006		-	-	-
2007		-	-	-
2008		-	-	-
2009		-	-	-
2010		-	-	-
2011		-	-	-
2012		-	-	-
2013		-	-	-
2014		-	-	-
2015		-	-	-
2016		-	-	-
2017		-	-	-
2018		-	-	-
2019		-	-	-
2020		-	-	-
2021		-	-	-
2022		-	-	-
Totals	\$	27,726	\$ 547	\$ 28,273

\$364,800			\$107,729		
Capital Lease Dated May 10, 2000 with Principal and Interest of 6.30% Due Quarterly on February 10, May 10, August 10 and November 10			Capital Lease Dated November 28, 2000 with Principal and Interest of 5.30% Due Quarterly on February 28, May 28, August 28 and November 28		
Principal	Interest	Total	Principal	Interest	Total
\$ 20,747	\$ 327	\$ 21,074	23,872	796	24,668
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,747</u>	<u>\$ 327</u>	<u>\$ 21,074</u>	<u>\$ 23,872</u>	<u>\$ 796</u>	<u>\$ 24,668</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2004
(Continued)

Principal and Interest Due in the Year Ending December 31,	<p style="text-align: center;">\$46,595 Capital Lease Dated April 5, 2002 with Principal and Interest of 4.00% Due Annually on April 5</p>		
	Principal	Interest	Total
2005	\$ 16,145	\$ 646	\$ 16,791
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
Totals	<u>\$ 16,145</u>	<u>\$ 646</u>	<u>\$ 16,791</u>

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ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2004
(Continued)

\$175,000 Rolling Hills Acres Local Improvement District Special Assessment Bonds, Series 2002 Dated April 24, 2002 with Principal and Interest of 6.125% Due Annually on July 1			
Principal and Interest Due in the Year Ending December 31,	Principal	Interest	Total
2005	\$ 17,602	\$ 10,719	\$ 28,321
2006	18,680	9,641	28,321
2007	19,825	8,496	28,321
2008	21,039	7,282	28,321
2009	22,327	5,994	28,321
2010	23,695	4,626	28,321
2011	25,146	3,175	28,321
2012	26,686	1,634	28,320
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
Totals	<u>\$ 175,000</u>	<u>\$ 51,567</u>	<u>\$ 226,567</u>

\$350,000 Chaparral Valley 2 Local Improvement District Special Assessment Bonds, Series 2003 Dated January 10, 2003 with Principal and Interest of 6.00% Due Annually on July 1			\$625,000 Meadows Station Subdivision Public Improvement District General Obligation Bonds, Series 2004 Dated December 23, 2004 with Principal and Variable Interest of 3.15% - 5.25% Due Semi- annually on June 1 and December 1		
Principal	Interest	Total	Principal	Interest	Total
\$ 11,325	\$ 21,000	\$ 32,325	\$ -	\$ 28,700	\$ 28,700
12,004	20,320	32,324	20,000	28,700	48,700
12,725	19,600	32,325	25,000	28,070	53,070
13,488	18,837	32,325	25,000	27,257	52,257
14,297	18,027	32,324	25,000	26,407	51,407
15,155	17,170	32,325	25,000	25,495	50,495
16,064	16,260	32,324	25,000	24,520	49,520
17,028	15,296	32,324	25,000	23,495	48,495
18,050	14,275	32,325	30,000	22,432	52,432
19,133	13,192	32,325	30,000	21,112	51,112
20,281	12,044	32,325	30,000	19,762	49,762
21,498	10,827	32,325	35,000	18,382	53,382
22,788	9,537	32,325	35,000	16,738	51,738
24,155	8,170	32,325	35,000	15,058	50,058
25,604	6,721	32,325	40,000	13,343	53,343
27,141	5,184	32,325	40,000	11,343	51,343
28,769	3,556	32,325	40,000	9,323	49,323
30,495	1,830	32,325	45,000	7,283	52,283
-	-	-	45,000	4,965	49,965
-	-	-	50,000	2,625	52,625
\$ 350,000	\$ 231,846	\$ 581,846	\$ 625,000	\$ 375,010	\$ 1,000,010

(Continued)

ELBERT COUNTY, COLORADO
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2004
(Continued)

Principal and Interest Due in the Year Ending December 31,	Total		
	Principal	Interest	Total
2005	\$ 203,377	\$ 72,348	\$ 275,725
2006	120,929	65,688	186,617
2007	74,465	61,622	136,087
2008	77,415	57,859	135,274
2009	80,541	53,882	134,423
2010	83,854	49,658	133,512
2011	87,364	45,171	132,535
2012	68,714	40,425	109,139
2013	48,050	36,707	84,757
2014	49,133	34,304	83,437
2015	50,281	31,806	82,087
2016	56,498	29,209	85,707
2017	57,788	26,275	84,063
2018	59,155	23,228	82,383
2019	65,604	20,064	85,668
2020	67,141	16,527	83,668
2021	68,769	12,879	81,648
2022	75,495	9,113	84,608
2023	45,000	4,965	49,965
2024	50,000	2,625	52,625
Totals	<u>\$ 1,489,573</u>	<u>\$ 694,355</u>	<u>\$ 2,183,928</u>

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: Elbert County
	YEAR ENDING : December 2004
This Information From The Records Of: Elbert County	Prepared By: Marilyn Sproch Phone: 719-541-2268

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,429,203
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	955,884
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	110,399
2. General fund appropriations		b. Snow and ice removal	106,363
3. Other local imposts (from page 2)	2,923,566	c. Other	80,016
4. Miscellaneous local receipts (from page 2)	518,952	d. Total (a. through c.)	296,778
5. Transfers from toll facilities		4. General administration & miscellaneous	2,229,963
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,911,829
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,442,518	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	1,697,727	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	5,140,245	3. Total (1.c + 2.c)	0

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy): December 2004	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	2,416,749	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	3,587	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other	503,229	g. Other Misc. Receipts	
6. Total (1. through 5.)	506,816	h. Other	518,952
c. Total (a. + b.)	2,923,565	i. Total (a. through h.)	518,952
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,579,062	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	118,665	d. Federal Transmit Admin	
d. (Specify)		e. US Corp of Engineers	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	118,665	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,697,727	3. Total (1. + 2.g)	
(Carry forward to page 1)		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	12,000		12,000
b. Engineering Costs	223,591		223,591
c. Construction:			
(1). Capacity Improvements			0
(2). System Preservation	1,193,612		1,193,612
(3). Safety And Other			0
(4). Total Construction (1)+(2)+(3)	1,193,612	0	1,193,612
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	1,429,203	0	1,429,203
			(Carry forward to page 1)
Notes and Comments:			